

FINAL STATEMENT OF REASONS NON-CONTROLLING SUMMARY

UPDATE

On February 5, 2003, following a public hearing at which no person commented in person or by written submission, the Board adopted regulations 2303, 3020, 3021, 3301, 3302, 3501, 3502, 4105, 4901 and 4902; amended regulations 1124, 1177, 1178, 1248, 1271, 1332, 1335, 1422, 1470, 2250, 2255, 2343, 2431, 2432, 2500, 2570, 4026, 4027; and repealed regulations 2344, 2345, and 2346 pertaining to Special Tax Laws.

BACKGROUND

The Board of Equalization (Board), in addition to administration of the Sales and Use Tax Law and the Property Tax Law, administers the Special Tax Laws. The Special Tax Laws are sixteen separate laws under which the Board administers and collects twenty-five separate taxes and fees.¹ Many of these laws contain similar administrative provisions. The new Regulations 4901 and 4902 in new Chapter 9.9, which concern record keeping requirements and relief from liability under specified circumstances, clarify the law and make consistent the requirements on taxpayers among the various Special Tax Laws. The new administrative regulations in Chapter 9.9 will be cross-referenced under each of the Special Tax Laws' existing regulations.

DISCUSSION OF RECORD KEEPING REQUIREMENTS (REGULATION 4901) AND RELIEF FROM LIABILITY (REGULATION 4902)

The Board intends to ease the taxpayers' burdens of compliance with multiple tax laws by imposing the same or substantially the same requirements under each of the Special Tax Laws. To the extent that the statutory record keeping requirements are the same for each of the Special Tax Laws administered, then the regulations clarifying those requirements should

¹ Alcoholic Beverage Tax, California Constitution Article XX, Section 22; Revenue and Taxation Code Sections 32001-32557; Ballast Water Management Fee, Public Resources Code Sections 71200-71271; Revenue and Taxation Code Sections 44000-44008, 55001-55381; Childhood Lead Poisoning Prevention Fee, Health and Safety Code Section 105310; Revenue and Taxation Code Sections 43001-43651; Cigarette and Tobacco Products Tax, California Constitution Article XIII B; Revenue and Taxation Code Sections 30001-30481; Diesel Fuel Tax, Revenue and Taxation Code Sections 60001-60709; Emergency Telephone Users Surcharge, Revenue and Taxation Code Sections 41001-41176; Energy Resources Surcharge, Revenue and Taxation Code Sections 40001-40216 ;

Hazardous Substances Tax, Revenue and Taxation Code Sections 43001-43651; Integrated Waste Management Fee, Revenue and Taxation Code Sections 45001-45984; Motor Vehicle Fuel Tax, California Constitution Article XIX; Revenue and Taxation Code Sections 7301-8526; Natural Gas Surcharge, Public Utilities Code Sections 890-900; Revenue and Taxation Code Sections 55001-55381; Occupational Lead Poisoning Prevention Fee, Health and Safety Code Section 105190; Revenue and Taxation Code Sections 43001-43651; Oil Spill Response, Prevention, and Administration Fees, Revenue and Taxation Code Sections 46001-46751; California Tire Fee, Public Resources Code Sections 42860-42895; Revenue and Taxation Code Sections 55001-55381; Underground Storage Tank Maintenance Fee, Revenue and Taxation Code Sections 50101-50162; Use Fuel Tax, Revenue and Taxation Code Sections 8601-9355.

also be substantially the same. For that reason, the Board adopted section 4901 on Records and section 4902 on Relief from Liability, which will apply to all of the Special Tax Laws programs listed on the chart attached hereto as Exhibit A.

The language of section 4901 is substantially the same as the Sales and Use Tax Regulation section 1698 (Records) and the language of section 4902 is substantially the same as the Sales and Use Tax Regulation section 1705 (Relief from Liability). Not only will the changes enhance consistency among the tax programs as currently administered by the Board, they will facilitate maintenance of consistent and clear regulations in the future. When future regulatory changes are made to the Sales and Use Tax regulations concerning record keeping or relief from liability, the same changes can be made by amending the two Special Tax Laws administrative regulations, instead of amending sixteen record keeping regulations and sixteen relief from liability regulations.

DISCUSSION OF CHANGES TO OTHER SPECIAL TAX LAW REGULATIONS

In addition to Regulations 4901 and 4902, the Board has adopted regulations 2303, 3020, 3021, 3301, 3302, 3501, 3502, and 4105; amended regulations 1124, 1177, 1178, 1248, 1271, 1332, 1335, 1422, 1470, 2250, 2255, 2343, 2431, 2432, 2500, 2570, 4026, 4027; and repealed regulations 2344, 2345, and 2346 in Title 18 of Division 2 of the California Code of Regulations.

The changes to the other regulations affecting the sixteen special tax laws are explained section by section on the chart attached hereto as Exhibit A.

OBJECTIONS OR RECOMMENDATIONS

There were no comments received at or prior to the public hearing held February 5, 2003. No objections or recommendations were submitted in connection with the proceedings or the regulations.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that the proposed regulations do not impose a mandate on local agencies or school districts. Further, the Board has determined that the regulations will result in no direct or indirect cost or savings to any State agency, any local agency or school district that is required to be reimbursed under Part 7 (commencing with section 17500) of Division 4 of Title 2 of the Government Code or other non-discretionary cost or savings imposed on local agencies, or cost or savings on Federal funding to the State of California.

EFFECT ON BUSINESS

Pursuant to Government Code section 11346.5(a)(7), the State Board of Equalization made an initial determination that the adoption of the regulations will clarify the application

of the Special Tax Laws and will have no significant statewide adverse economic impact directly affecting businesses.

The adoption of the regulations will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The regulations will not be detrimental to California businesses in competing with businesses in other states.

The regulations may affect small business.

COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The Board has determined that no alternative would be more effective in carrying out the purpose for which the regulations were proposed or would be as effective and less burdensome to affected private persons than the adopted regulations.

Attachment—Chart—Exhibit A

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